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<input type="checkbox"/>	ACTION	<input type="checkbox"/>	DIRECT REPLY
<input type="checkbox"/>	APPROVAL	<input type="checkbox"/>	DISPATCH
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<input type="checkbox"/>	CONCURRENCE	<input type="checkbox"/>	INFORMATION
<input type="checkbox"/>		<input type="checkbox"/>	PREPARE REPLY
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Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Monday December 27, 1976 CI NIDC 76-301C

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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State Dept. review completed

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National Intelligence Daily Cable for Monday, December 27, 1976

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The NID Cable is for the purpose of informing senior US officials.

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USSR: New Fishing Zone

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[redacted] //The recent Soviet declaration of a 200-mile off-shore fishing zone effective December 10 has produced concern in Western Europe and Japan. West Europeans fish both the Baltic and Barents seas--areas now in the Soviet zone. Japan takes about 10 percent of its total catch from waters off the Soviet Far East.//

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[redacted] //The Soviet move will force the European Community to reconsider its external fishing policy. The recent decision to extend EC jurisdiction to 200 miles does not apply to the Baltic, whereas the Soviet declaration does. Fishermen on the Danish island of Bornholm alone would lose an annual catch worth \$2.5 million if excluded from the Soviet zone, according to Prime Minister Joergensen.//

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[redacted] //Countries fishing the Baltic already have met in Warsaw and agreed to 1977 catch quotas. The USSR has not ratified the agreement.//

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[redacted] //The EC foreign ministers have stated that the Soviets may continue fishing off EC members' coastlines until March 31, three months after the 200-mile EC fishing zone goes

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into effect. The rate at which the Soviets will be allowed to fish, however, will be reduced to 40 percent of their average catch for the last ten years.//

25X1 [] //The EC and the USSR will have difficulty working out an agreement during the three-month grace period. In the first place, the USSR does not recognize the EC, but EC rules now require Community members to negotiate economic agreements as a unit. The Soviets will be reluctant to recognize the Community without receiving something substantial in return.//

25X1 [] //Even if this political obstacle is overcome, the two parties will face difficult bargaining. The UK, which is to assume the EC presidency on January 1, would like to see the Soviet catch in EC waters reduced in a few years from the 600,000 tons of 1975 to 60,000 tons annually. The sharp reduction would bring it into line with the EC catch in Soviet waters.//

25X1 [] //Japan protested the Soviet move and was subsequently promised early bilateral negotiations. The Soviet declaration could help convince the Japanese public of the inevitability of the 200-mile regime, enabling Japan to pick up the pace of bilateral negotiations with the US and begin talks with other countries.//

25X1 [] //So far, Japan has had a hard time selling the 200-mile concept at home. Japan's fishing industry is the world's biggest, and the Japanese people depend heavily on protein from the sea. Some 33 Japanese companies already have invested in US fishing-related companies in an effort to get around restrictions posed by the US 200-mile limit. [] 25X1

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EC-NUCLEAR: Nuclear Program

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[REDACTED] //The European Community's thermonuclear fusion program is likely to fall victim to the latest clash among EC member states over the site of the joint research facility.//

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[REDACTED] //Construction of the fusion facility is already a year behind schedule because of the deadlock over its location.

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Italy and the EC Commission propose building it in Ispra, Italy, the site of a number of other EC nuclear research projects. The other members favor other sites.//

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[] //The UK, West Germany, and Italy recently accepted a proposal to decide the issue by majority vote in the EC Research Council, scheduled to meet last Monday. The vote would probably have favored locating the facility in either the UK or West Germany where research in nuclear fusion has been under way. France refused to go along, and the meeting was canceled.//

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[] //The EC Joint Research Center, which oversees the fusion program and other nuclear research projects, will probably still be funded for the period through 1980. Its budget has been substantially increased.//

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[] //A high-ranking EC official believes the program still has a slim chance for survival if France can be persuaded to change its position or if the decision on a site is transferred to the Commission. Alternatives may also emerge outside the EC framework, but no EC country has the resources to pursue such a project alone.//

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[] //The end of the fusion program would destroy Western Europe's technological lead in fusion research, according to the EC official. Its impact on fusion research overall would be uncertain because a variety of methods are being pursued in fusion research. It could also delay the commercial development of fusion technology. []

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CUBA: Drought Hampers Sugar Production

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[] Cuba's persistent drought probably will hamper sugar production this year despite improved efficiency by sugar processors.

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[] Sugar production this year will total about 6 million tons, roughly equal to last year's level. This stagnation reflects below-normal rainfall for the third consecutive year in the important cane-growing regions in eastern Cuba. Milling yields could improve, however, because of reduced cane burning and a planned increase in mechanical harvesting of the crop from 33 percent of total volume harvested in 1976 to 42 percent next year.

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[] Stagnation of sugar output in 1977, together with prospective low world market sugar prices at least through mid-year, may force Cuba to curtail imports further from non-communist countries, already down by a third this year. Cuban hard-currency earnings in 1977 are unlikely to exceed this year's estimated \$800 million, an amount equal to only about two thirds of 1976 imports from non-communist countries.

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[] Cuba is reluctant to expand its hard-currency debt substantially beyond the current estimated \$1.3 billion because debt service obligations, estimated at \$400 million in 1977, are already burdensome.

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[] Imports from the USSR and other communist countries will probably be increased slightly again next year. Cuba will not feel a new financial constraint on imports from the communist countries because they will continue to pay 19 to 30 cents a pound for Cuban sugar compared with the likely free market price of 7 to 9 cents. []

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